

SBT e-file

Michigan Department of Treasury

Michigan Single Business Tax

Transmitters' e-file Handbook

www.michigan.gov/sbtefile

2003

TABLE OF CONTENTS

SECTION 1	Introduction	
	1.1 General Information.....	1
	1.2 Treasury Contacts.....	2
	Software Developers and Transmitters <i>Only</i>	2
	<i>For Taxpayers</i>	3
	1.3 Highlights & Important Information for Tax Year 2003 ..	3
	1.4 Key Dates	4
	1.5 State of Michigan Holiday Schedule.....	4
	1.6 Definitions	4
	1.7 Program Compliance.....	5
SECTION 2	SBT e-file Application (Profile)	
	2.1 General Information.....	6
	2.2 <i>Transmission Software Developers</i>	6
SECTION 3	SBT Transmitter Requirements	
	3.1 Transmitter Requirements.....	8
	3.2 Unacceptable File types	9
SECTION 4	Transmitter Testing	
	4.1 Transmitter Testing	10
	4.2 Transmitter Acknowledgment Testing.....	11
SECTION 5	Acknowledgment System	
	5.1 General Information.....	12
	5.2 File Transmission Acknowledgments	12
	5.3 Retrieving Acknowledgments.....	12
	5.4 Status Codes	13

SECTION 1 Introduction

1.1 General Information

Thank you for your interest in the Michigan Department of Treasury's (Treasury) Single Business Tax Electronic Filing (SBT e-file) Program. The Michigan SBT e-file Program was developed to provide Michigan taxpayers with the opportunity to use Internet technology to file Single Business Tax Returns. The Michigan Single Business Tax Transmitters' e-file Handbook (Transmitters' Handbook) provides you with information on how you can participate as a transmitter in the SBT e-file Program.

In an effort to optimize operational efficiency and improve customer service, the Michigan Department of Treasury is planning several tax processing changes for next year. A major part of this effort is to mandate electronic filing for individual income tax and single business tax returns beginning in January 2004.

Software developers supporting Single Business Tax e-file for tax year 2003 will need to support all SBT forms that are eligible for e-file. All eligible SBT returns prepared using software that supports SBT e-file must be filed through Treasury's Internet portal. In addition to refund returns, we will also accept SBT e-file returns requiring payment for tax year 2003.

The following 2003 forms are eligible for SBT e-file:

C-8000	SBT Annual Return
C-8000C	SBT Credit for Small Businesses and Contribution Credits
C-8000D	SBT Recapture of Capital Acquisition Deduction
C-8000G	SBT Statutory Exemption/Business Income Averaging
C-8000H	SBT Apportionment Formula
C-8000ITC	SBT Investment Tax Credit
C-8000KC	SBT Schedule of Shareholders and Officers
C-8000KP	SBT Schedule of Partners
C-8000S	SBT Reductions to Adjusted Tax Base
C-8009	SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternate Tax for Members of Controlled Groups
C-8010AGR	SBT Adjusted Gross Receipts for Controlled Groups
C-8020	SBT Penalty and Interest Computation for Underpaid Estimated Tax
C-8030	SBT Notice of No SBT Return Required
C-8043	SBT Statutory Exemption Schedule
C-8044	SBT Simplified Return
3307	SBT Loss Adjustment Worksheet for the Small Business Credit

Information from the following 2003 federal forms may be included when filing the C-8000, C-8044 or C-8030:

U.S. 1120 and Schedules A and E (Corporations)

U.S. 1120A (Corporations)

U.S. 1120S and Schedules A, D and K (S-Corporations)

U.S. 1040 and Schedules C, D and E (Individuals)

U.S. 1065 and Schedules A and K (Partnerships)

U.S. 1041 and Schedule D (Fiduciaries)

U.S. 4797, Sales of Business Property

8825, Rental Real Estate Income and Expenses of a Partnership or S Corporation

SBT e-file is not available to taxpayers that file the following forms or meet the following conditions:

Taxpayer has not previously filed a paper SBT return with Treasury.

C-8022 SBT Farmland Preservation Tax Credit

C-8000X SBT Amended Return

C-8044X SBT Amended Simplified Return

C-8000MC SBT Miscellaneous Credits

1366 Insurance Company Annual Return for SBT and Retaliatory Tax

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When the following forms are included, the SBT return can be e-filed, but the forms listed below must be mailed.

4 *Application For Extension For Time To File
Michigan Income Tax Return*

1.2 Treasury Contacts For Software Developers and Transmitters Only

For help with the SBT e-file program, software developers and transmitters may contact the Alternative Filing staff between the hours of 8:00 a.m. and 5:00 p.m., EST, Monday through Friday, except state holidays. When leaving a phone message, give as much detail as possible so that *Alternative Filing* staff can research your question and have the answer ready when they call you back. Speak clearly and spell any difficult names.

The Alternative Filing staff is not able to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the Department's regular error resolution process. Treasury will, however, discuss return situations with the preparer if the appropriate authorization box has been completed on the return.

This contact information is **for software developers and transmitters only** and enables Treasury to provide better service to the SBT e-file program participants.

Contact: *Scott Bunnell or Nancy Agostini*
Phone: (517) 636-4450
(517) 636-4999 (TTY Only)
Fax: (517) 636-4444
Email: MIefile2D@michigan.gov
Include the words "SBT e-file" in the subject line.
Mailing Address: Alternative Filing Programs
Michigan Department of Treasury
P.O. Box 30058
Lansing, MI 48909

You may also visit our Web site at www.Michigan.gov/sbtefile for more information.

For Taxpayers

Internet – www.michigan.gov/bustax

Treasury is providing Self-Service to customers via the Web. From the comfort of your home or office, you have the ability to:

- *Check the date Treasury is currently processing returns*
- *Ask Treasury a question*
- *Request copies of returns filed*
- *Check the status of your Single Business Tax return*
- *Verify all Single Business Tax payments for current period*

Note: To get return information using the "Internet Services" options, you must have the filer's Federal Employee Identification number or TR number, gross receipts and organization type.

CUSTOMER CONTACT CENTER

For those taxpayers that cannot receive Internet Service, call the SBT Customer Contact Staff at (517) 636-4700.

Deaf, hearing or speech-impaired persons may call (517) 636-4999 (TTY) for assistance.

1.3 Highlights and Important Information for Tax Year 2003

- *Now available on our Web site at: www.MIfastfile.org is our new feature **E-file Alerts**. E-file Alerts will provide updates and important information throughout the year.*
- *Beginning with the 2003 tax year SBT annual returns requiring payment will be eligible for e-file. There will be two payment options available for those returns requiring payment:*

5-26-04

- *Electronic Funds Transfer (EFT). Information on the EFT process as well as the EFT Debit Application (form 2248) and EFT Credit Application (form 2328) are available on our Web site at: www.michigan.gov/biztaxpayments.*

If you are currently submitting SBT estimates by EFT you should complete the Notice of Addition or Change of Tax Types/Bank Change (form 2439) to add the tax type code for making a SBT annual payment. Fax your completed application or form 2439 to (517) 636-4356. Please allow 4 weeks for processing.

- *Paper Payment Voucher. If you choose to mail your payment you must include the SBT E-File Annual Return Payment Voucher (form SBT-V) with your payment.*
- Registration changes (name, address, phone number, filing date, discontinuance date, etc.) must be made by calling (517) 636-4660 or submitting form 163, Notice of Change or Discontinuance, which is available on our Web site at http://www.michigan.gov/documents/163f_2885_7.pdf.
- *The tax rate for the calendar year ending 2003 is 1.9%. We do not expect the rate to change for 2004. The 2004 rate should be available in December 2003.*

1.4 Key Dates

<i>Deadline for Submitting SBT e-file New Application (Profile)</i>	<i>None</i>
<i>Begin Transmitter Testing for 2003</i>	<i>Mid – Late October 2003</i>
<i>Begin Transmitting Live Returns</i>	<i>Late January 2004</i>
<i>SBT e-file unavailable due to system maintenance (Test returns may still be submitted.)`</i>	<i>January 12-25, 2004</i>

1.5 State of Michigan Holiday Schedule

3149 Due Dates for Accounts Administered by Return Processing Division

1.6 Definitions

Electronic Return Originator (ERO) or Preparer

An ERO is the person or firm that constructs the return information for the taxpayer for the purpose of electronically filing a tax return.

Transmitter

A transmitter is the business or individual that submits the electronic return data to Treasury. Software developers, tax preparers, businesses and individual taxpayers can all be transmitters. To be a transmitter you must:

- Submit an SBT e-file New Application (Profile) request to Treasury;
- Pass the Treasury qualifications review and be accepted.

Note: If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter.

1.7 Program Compliance

Treasury will ensure transmissions are in compliance with the requirements outlined in this publication and the SBT e-file Specifications and Software Developer Guide.

If after acceptance, a transmitter/*software developer* has production problems, Treasury reserves the right to suspend that transmitter/*software developer* until the problems are resolved to Treasury's satisfaction.

SECTION 2 SBT e-file Application (Profile)

2.1 General Information

An organization or individual interested in participating as a transmitter or software developer must submit an SBT e-file New Application (Profile) request to Treasury. The on-line application is available on our Web site. (Applications may be submitted at any time throughout the year.) Applications are processed within 1-2 business days. An acceptance letter containing your user ID and password to e-file SBT return(s) will be mailed within one (1) week. It is the responsibility of the transmitter to keep this information secure.

In future years, participants who have been previously accepted by Michigan do not need to resubmit an application. If there is a change in the information on file, participants should submit the updated information by using the Update Profile screen on the secure Web site.

Failure to apply will preclude participation in the program.

If you are sending your returns to your software developer who will in turn transmit them to Treasury, you do not need to apply to be a transmitter. EROs do not need to apply to participate unless they will transmit returns directly to Treasury.

Note: If the Web Server is down, you will not be able to access the SBT e-file program.

2.2 Transmission Software Developers

Developers producing only the transmission portion of the software and not functioning as the transmitter will need to:

- *Submit an SBT Application (Profile) for a user ID and password.*
- *Develop XML file transmission software. The test file in XML must contain:*
 - *transmission data*
 - *at least two SBT returns or sample SBT XML file available on our Web site*
 - *Transmission end data*
- *Test their transmission capabilities as outlined in the Transmitters' Handbook.*
- *Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as a transmitter.*

Developers obtaining the transmission portion of the software from another company will need to:

- *Submit an SBT Application (Profile) for a user ID and password*
- *Test as a transmitter as outlined in the Transmitters' Handbook, and then test as a developer.*
- *Adhere to the requirements outlined in Section 3 of the Transmitter's Handbook if functioning as the transmitter.*

Developers not functioning as the transmitter, but allowing the user to function as the transmitter. The user will need to:

- *Submit a SBT Application (Profile) for a user ID and password*
- *Test their transmission capabilities as outlined in the Transmitters' Handbook*
- *Adhere to the requirements outlined in Section 3 of the Transmitters' Handbook.*

SECTION 3 Transmitter Requirements

3.1 Transmitter Requirements

- Use Treasury-assigned user code and password to transmit.
- Successfully complete transmitter testing. *Each transmission can contain up to 999 returns.*
- Retrieve acknowledgments from Treasury.

Once the return is transmitted and acknowledged, the transmitter is required to:

- Send or make available electronically the acknowledgment to the ERO within two (2) business days of retrieving the acknowledgment file, or
- Mail a written notification to the ERO within one business day of retrieving the acknowledgment file.
- Advise the ERO to retain a complete copy of the return and any supporting materials.
- Advise the ERO that an amended return, if needed, must be filed as a paper return and mailed to Treasury.
- Inform the ERO that refunds and correspondence will be sent to the legal address currently in Treasury's records.

If the return is rejected, the transmitter must notify the ERO of the following:

- The return has not been accepted for processing.
- Date of rejection by Treasury.
- Explanation of the rejection code used by Treasury.

Instructions for transmitting compressed files:

- Currently only files compressed using ZIP or GZIP format can be transmitted.
 - ◆ Instructions for ZIP files:
 - File compressed using ZIP format must have an extension of .ZIP (i.e., myTransmission.zip).
 - Invalid or corrupted compression formats will be checked and rejected.
 - Multiple transmission files can be combined into one compressed ZIP file.
 - Transmission acknowledgments will be provided for each file within a compressed file.
 - You must retransmit only the transmission files that were rejected, not the entire compressed file.
 - ◆ Instructions for GZIP files:
 - File compressed using GZIP format must have an extension of .GZ or .GZIP (i.e., my transmission.gz).
 - Invalid or corrupted compression formats will be checked and rejected.
 - GZIP files can contain only one transmission file.
 - Individual GZIP files cannot be combined using a utilities like tar.

- Transmission acknowledgments will be provided for the transmission file within the GZIP file.

3.2 Unacceptable File Types

Files with certain extensions will not be accepted. The current list of unacceptable file extensions is listed below.

.386	.hta
.bat	.htt
.bin	.js
.com	.ocx
.cpl	.scr
.csh	.sh
.dll	.sys
.drv	.vxd
.exe	.wsh

If you receive the message: “File name with this extension cannot be transmitted.” Please rename your file and transmit again.

Note: If the Web Server is down, you will not be able to access the SBT e-file program.

SECTION 4 Transmitter Testing

4.1 Transmitter Testing

All transmitters must successfully complete the transmitter testing process with Treasury. Applicants must use Treasury-assigned user codes and passwords for system testing. For test purposes only, the returns in a single transmission must have been prepared using *approved software or the sample SBT XML file*. System testing ensures that:

- SBT e-file specifications are met;
- the transmitter is able to send information to and retrieve information from Treasury;
- the transmitter understands the mechanics of e-filing;
- the TransmissionData at the beginning of the file and the TransmissionEndData at the end of the file are correct;
- the return count in the TotReturnCount field equals the total number of returns in the file;
- the sequence number for the day is incrementing properly by transmitting more than once on the same day;
- acknowledgments are picked up properly.

The transmitter system testing process is as follows:

- Enroll with Treasury by submitting an SBT e-file *Application (Profile)* request.
- Follow the guidelines in this Publication.
- Submit test file that contains *at least two* Treasury test *scenario returns prepared* using approved software *or the sample SBT XML file*
- Submit second transmission on the same day.
- Treasury will review the test transmissions and the results will be e-mailed back to the transmitter within 2-4 business days.

Note:

Transmitters may transmit test files as many times as necessary until Treasury grants approval to transmit live returns.

When transmitting files, if no response is received from Treasury after five minutes, the application may be experiencing problems. Please wait an hour and try again. You may also contact the Alternative Filing Office to report this difficulty.

4.2 Transmitter Acknowledgment Testing

Upon receipt of a successful test transmission, Treasury will process the file and generate test return acknowledgments. Transmitters must retrieve these acknowledgments from the test site by selecting Test Return Acknowledgments from the SBT e-file home page and entering their User ID and password.

To prevent duplicate postings to Treasury's system, the last digits of the test account numbers will be incremented. The first four digits of the test account numbers will not change. For example:

Test 1 account number = 38-1000000

Test 1 acknowledgment number could be 38-10000015

Transmitter must respond to Treasury via e-mail indicating acknowledgments were retrieved successfully before Treasury will grant written approval. Treasury will then e-mail a written approval for live SBT e-file transmissions.

The transmitters acknowledgment testing process is as follows:

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file.

The second is an acknowledgment for each individual return record included in the file. For transmitters the second acknowledgment is available within 1-2 business days after successful transmission of a test file.

For developers individual test return acknowledgments will be available 1-2 business days after the final test file transmission that includes all 8 test scenarios, and pass the compare portion of the testing process.

To retrieve return acknowledgments, select Return Acknowledgments from the SBT e-file Web page and enter your User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks_<userid>.xml, where <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results.

SECTION 5 Acknowledgment System

5.1 General Information

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. The second is an acknowledgment for each live individual return record included in the file. This acknowledgment is available within 1-2 business days after successful transmission of a file.

5.2 File Transmission Acknowledgments

Upon successful transmission of a file, the transmitter will receive a message back from Treasury indicating the transmission has been received and the return acknowledgments will be available within 1-2 business days.

If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file. If you have questions, your XML programmer can help interpret the error message.

If any of the following conditions exist, the entire transmission will be rejected.

- XML file doesn't validate against XML schema. (See XML File Layout / Forms Cross Reference for a complete list of conditions)
 - Transmission data is missing or invalid.
 - Invalid production-test code (field TransType): P = Production, T = Test
 - No returns within transmission.
 - Return type (field ReturnID) left blank
 - Invalid return type.
 - Account number (field FEIN) left blank.
 - File period (field EndFilePeriod) left blank.
 - Name of business (field BusinessName1) left blank.
- Transmitter User ID (field TransUserCode) inside file must match User ID entered at sign-in.
- Invalid total return count in TransmissionEndData

5.3 Retrieving Acknowledgments

To retrieve return acknowledgments, select Return Acknowledgments from the SBT e-file Web page and enter your User ID and password. Acknowledgments can be viewed by transmission date and/or file ID, or downloaded.

To receive a file of acknowledgments, click on the Download button in the search page or the search results page. You will be prompted to save a file with a default name of SBTReturnAcks_<userid>.xml, where <userid> is your transmission user id. The file is in XML format and contains both the search condition and the results. For an exact definition of the file format, see XML schema file SBTACKS.xsd.

The acknowledgment screen will display information similar to the following:

<u>File Id</u>	<u>Transmit Date</u>	<u>Account</u>	<u>Ending File Date</u>	<u>Trans Seq</u>	<u>Trans Return Seq</u>	<u>ERO EFIN</u>	<u>DCN Batch</u>	<u>DCN Seq</u>	<u>Status</u>	<u>Rejection Code</u>
1234567	11/15/2002	38-1234567	12/2002	01	01	555666	01	01	REJ	10
1234567	11/15/2002	38-7654321	12/2002	02	02	555666	02	01	ACC	

5.4 Status Codes

Treasury will perform certain checks on the return during the acceptance process. All returns, whether e-filed or paper filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given. The acknowledgment codes are as follows:

- ACC = Electronic return was **accepted** and will be reviewed and processed.
- REJ = Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted to Treasury.

Reject Status Codes

<u>Rejection Code</u>	<u>Form</u>	<u>Field No.</u>	<u>Description</u>
10	C-8000 C-8044 C-8030		Duplicate return - return already received by Treasury.
20	All forms		Unauthorized Software Developer
30	C-8000 C-8044 C-8030		Electronic Signature Alternative is invalid
40	C-8000 C-8044 C-8030		Return filed on wrong year form.
50	C-8030		<i>For tax year 2002 adjusted gross receipts on C-8030 must be less than \$250,000. For tax year 2003 apportioned or allocated gross receipts must be less than \$350,000.</i>

Transmitters should read the return reject code explanation before closing the acknowledgment window. The explanation is only available the first time the acknowledgments are retrieved.